

**Agreed Upon Procedures  
For Solicitation  
TIRNO-00-R-00033**

**May 2001**

**Reference Number 2001-1C-066**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

May 7, 2001

MEMORANDUM FOR DAVID A. GRANT  
DIRECTOR OF PROCUREMENT  
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner  
Deputy Inspector General for Audit

SUBJECT: Agreed Upon Procedures for Solicitation TIRNO-00-R-00033

In response to your request, the Defense Contract Audit Agency (DCAA) evaluated the direct labor rates, indirect rates, the overall labor multiple, and the labor escalation factors for a proposal submitted under solicitation TIRNO-00-00033. This report pertains only to the performance of agreed-upon procedures and does not reflect the results of an audit. Accordingly, DCAA does not express an opinion on the adequacy and compliance of the submitted cost or pricing data.

In summary, DCAA took no exception to the proposed direct labor rates, the labor escalation factors, the overall labor multiple, and the indirect rates. However, DCAA stated that if the contractor asks to increase its escalation factor to 4.5% for option years, the contractor should be allowed to escalate its labor rates at a yearly rate no higher than the recommended increases for each year.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

Please contact me at (202) 622-6510 if you have any questions, or Maurice S. Moody, Associate Inspector General for Audit (Headquarters Operations & Exempt Organizations Programs), at (202) 622-8500.

# NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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